
SENATE BILL No. 108

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10.2-4.

Synopsis: Earnings limitations for PERF and TRF retirees. Reimposes an annual earnings limit on a retired member of the public employees' retirement fund (PERF) or the Indiana state teachers' retirement fund (TRF) who has not attained the Social Security normal retirement age for unreduced benefits. Provides that if such a retired member is reemployed in a position covered by PERF or TRF and earns more than \$25,000 in a year, the member's retirement benefit is suspended. Provides that a retired member who has attained normal retirement age for unreduced benefits may be reemployed in a covered position without a suspension of retirement benefits. Provides that the member is entitled to an additional retirement benefit for the period of reemployment. (The introduced version of this bill was prepared by the pension management oversight commission.)

Effective: July 1, 2001.

Harrison

January 8, 2001, read first time and referred to Committee on Pensions and Labor.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

SENATE BILL No. 108

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10.2-4-8, AS AMENDED BY P.L.195-1999,
2 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2001]: Sec. 8. (a) As used in this section, "exempt amount"
4 means, ~~the annual earnings limit under the federal Social Security~~
5 ~~system at the member's Social Security normal retirement age for a~~
6 ~~member entitled to receive unreduced Social Security benefits, in the~~
7 ~~case of a member who has not attained the Social Security normal~~
8 ~~retirement age for unreduced benefits, twenty-five thousand~~
9 ~~dollars (\$25,000), computed for the calendar year in which a retired~~
10 public employees' retirement fund member is reemployed and
11 computed for the fiscal year in which a retired teachers' retirement fund
12 member is reemployed.

13 (b) If a member who is receiving retirement benefits **and who has**
14 **not attained the Social Security normal retirement age for**
15 **unreduced benefits:**

- 16 (1) becomes reemployed in a position covered by this article; and
17 (2) earns in that position more than the exempt amount;



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his retirement benefit payments shall stop, and the member shall begin making contributions as required in IC 5-10.2-3-2. However, employer contributions shall be made throughout the period of reemployment. **The earnings limitation under this subsection does not apply to a member who has attained the Social Security normal retirement age for unreduced benefits.**

(c) If a member who is receiving retirement benefits is reemployed in a position covered by this article not more than ninety (90) days after the member's retirement, the member's retirement benefits shall stop, the member shall begin making contributions as required by IC 5-10.2-3-2, and employer contributions shall be made throughout the period of reemployment.

(d) If a retired member is reemployed in a position covered by this article, section 10 of this chapter applies to the member upon the member's retirement from reemployment.

SECTION 2. IC 5-10.2-4-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 9. ~~(a) If the member dies during reemployment, contributions and interest, if any, credited to him during reemployment shall be paid to his beneficiary.~~

~~(b) If any a member dies during reemployment and~~ retirement benefits from before his reemployment are payable after his death, the payment of these amounts shall be made without change, **and any additional benefit earned during reemployment shall be paid as provided in section 10 of this chapter.**

SECTION 3. IC 5-10.2-4-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 10. (a) Benefits provided under this section are subject to IC 5-10.2-2-1.5.

(b) Upon termination of reemployment, except by death, the retirement benefits from before ~~his~~ **the member's** reemployment which are payable after termination shall be paid without change.

(c) If the member is reemployed for fewer than ~~sixty (60)~~ **ninety (90)** consecutive school or working days, upon termination of reemployment, contributions and interest credited to the ~~member~~ **member's annuity savings account** shall be paid to the member. ~~upon the member's application for withdrawal of the contributions and interest.~~

(d) If the member is reemployed for ~~sixty (60)~~ **ninety (90)** or more consecutive school or working days, upon termination of reemployment, the member shall receive an additional ~~retirement~~ benefit.

(e) The additional retirement benefit consists of the sum of a supplemental pension and a supplemental annuity. ~~However, a member~~

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may choose to receive a lump sum payment of the amount credited to the member in the annuity savings account during the member's reemployment. If the member chooses to receive the lump sum payment, the member is not entitled to a supplemental annuity. If the member chooses the lump sum payment and is not entitled to a supplemental annuity, the member is still entitled to receive the actuarial equivalent of the annuity payments that were not paid during the reemployment.

(+) The supplemental pension is computed as follows:

STEP ONE: Compute a pension under section 4 of this chapter using the member's:

- (1) years of service during the member's reemployment; and
- (2) average compensation and age at termination of reemployment. during the member's reemployment, if the member is reemployed for less than five (5) years, or average of the annual compensation (as defined in section 3 of this chapter) during the member's reemployment.

STEP TWO: Compute a pension using the member's years of service, compensation, and age at the date of reemployment.

STEP THREE: Subtract the pension in STEP TWO from the pension in STEP ONE. The remainder is the supplemental pension.

(2) If the member is entitled to a supplemental annuity, it consists of the sum of:

- (A) an annuity provided by contributions and interest credited to the member during reemployment, if any. and
- (B) the actuarial equivalent of the annuity payments that were not paid during the reemployment.

(f) The additional retirement benefits are guaranteed for five (5) years or until the member's death, whichever is later. The member may choose instead of the guaranteed payments any of the following options from under section 7 of this chapter

- (+) The joint and survivor benefit with no guarantee.
- (2) The cash refund annuity options: for the payment of the member's additional retirement benefits.

(g) IC 5-10.2-2-7 applies to additional retirement benefits.

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